

Message Text

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53

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 L-03 H-03 PA-04 PRS-01

USIA-15 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01

OMB-01 AEC-11 CEA-02 DODE-00 FEAE-00 FPC-01 INT-08

NSC-07 PM-07 SAM-01 SCI-06 SS-20 STR-08 SAJ-01 NIC-01

DRC-01 /193 W

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TO SECSTATE WASHDC 2967

INFO AMEMBSSY MOSCOW

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E.O. 11652: N/A

TAGS: ENRG, EFIN, JA, UR

SUBJECT: JAPAN EXIM BANK SIGNS LOAN FOR YAKUTSK COAL DEVELOPMENT

1. ON JUNE 26 JAPAN EXIM BANK ISSUED FOLLOWING PRESS RELEASE
RE LOAN FOR DEVELOPMENT YAKUTSK COAL SIGNED SAME DAY: QTE
RE: SIGNING OF BANK LOAN AGREEMENT WITH THE SOVIET UNION
FOR DEVELOPMENT PROJECT OF SOUTH YAKUTSK COAL FIELD

A. JAPAN EXIM BANK (GOVERNOR: SATOSHI SUMIDA) HAS BEEN
NEGOTIATING WITH THE SOVIET FOREIGN TRADE BANK IN TOKYO
SINCE JUNE 13 IN ORDER TO MATERIALIZE A BANK LOAN FOR THE
PROJECT TO DEVELOP THE SOUTH YAKUTSK COAL FIELD IN THE
SOVIET UNION. THE TWO BANKS HAVE RECENTLY REACHED AGREEMENT
AND THE LOAN AGREEMENT WAS SIGNED BETWEEN GOVERNOR
SUMIDA AND DIRECTOR A.I. DOUSHATIN OF THE SOVIET BANK
AT 10:00 A.M. TODAY (JUNE 26). THE OBJECT OF THE AGREEMENT
SIGNED THIS TIME IS THE COKING COAL DEVELOPMENT
PROJECT ON WHICH A FUNDAMENTAL AGREEMENT HAS ALREADY
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BEEN REACHED BETWEEN JAPANESE AND SOVIET PARTIES CON-

CERNED AMONG THE THREE PROJECTS OF COKING COAL, NATURAL GAS AND LUMBER WHICH WERE TAKEN UP IN THE PROTOCOL CONCLUDED BETWEEN GOVERNOR SUMIDA AND SOVIET FOREIGN TRADE VICE MINISTER V.S. ALKHIMOV ON APRIL 22 PERTAINING TO THE SIBERIAN DEVELOPMENT-RELATED BANK LOANS. THIS IS THE FIRST BANK LOAN SUPPLIED BY THE JAPAN EXIMB BANK TO THE SOVIET UNION.

UNDER THIS SOUTH YAKUTSK COAL FIELD DEVELOPMENT PROJECT, JAPAN IS SCHEDULED TO START IMPORTING BITUMINOUS COAL TO BE OBTAINED BY DEVELOPING NELYUNGRA DEPOSITS IN ALDAN TURIMAN AREA OF THE SAID COAL FIELD FROM 1983, AND TO IMPORT ANNUALLY 5.5 MILLION TONS BETWEEN 1985 TO 1998. SEPARATELY FROM THE ABOVE SCHEDULE, THE SME PROJECT ALSO CALLS FOR JAPANESE IMPORT OF KUZNETZ BITUMINOUS COAL BETWEEN 1979 AND 1998 WITH AN INCREASE OF ONE MILLION TONS EACH YEAR. THE PROJECT IS THUS QUITE SIGNIFICANT IN A LONG RUN IN VIEW OF AN IMPORTANCE OF DEVELOPING AND SECURING OVERSEAS SUPPLY SOURCES FOR MATERIAL COAL FOR STEEL FOR WHICH A TIGHT DEMAND-AND-SUPPLY SITUATION IS FORESEEN.

B. MAJOR CONTENTS OF THE LOAN AGREEMENT ARE AS FOLLOWS.

(1) TYPE OF LOAN: BANK LOAN IN YEN

(2) LOAN SUPPLIERS: JAPAN EXIMB BANK, 13 CITY BANKS, 3 LONG-TERM CREDIT BANKS AND 7 TRUST BANKS (TOTAL: 24 BANKS)

(3) LOAN RECEIVER: SOVIET FOREIGN TRADE BANK

(4) LOAN AMOUNT: UP TO 126.3 BILLION YEN (OF WHICH THE LOAN PROVIDES FOR LOCALLY-REQUIRED FUNDS UP TO 16.8 BILLION YEN)

(5) ANNUAL RATE OF INTEREST: 6.375 PERCENT (7.25 PERCENT FOR THE LOAN FOR LOCALLY-REQUIRED FUNDS)

(6) PERIOD OF REPAYMENT: 8 YEARS AFTER A TERMINATION OF THE LOANING PERIOD (5 YEARS FOR THE LOAN FOR LOCALLY-REQUIRED FUND)

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(7) USE OF FUND: PURCHASES FROM JAPAN OF EQUIPMENT, MACHINERY MATERIALS AND SERVICES REQUIRED FOR FULFILLING THE DEVELOPMENT PROJECT OF SOUTH YAKUTSK COAL FIELD. UNQUOTE. SHOESMITH

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